

Message Text

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PAGE 01 EC BRU 01771 281947Z

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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TO SECSTATE WASHDC 8391

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E.O. 11652: N/A

TAGS: ETRD, EFIN, EEC, FR

SUBJECT: EC COMMISSION ON FRENCH EXPORT-LINKED INVESTMENT CREDIT
SCHEME

REF: A. STATE 44524 B. STATE 42107 C. PARIS 20100 (1974)

1. IN RESPONSE TO REFTEL B, ON FEB. 28 THE MISSION QUESTIONED LEAN-LOUIS CADIEUX, A DIVISION CHIEF IN THE EC COMMISSION DIRECTORATE GENERAL FOR COMPETITION RESPONSIBLE FOR STATE AIDS, REGARDING THE STATUS OF THE COMMISSION'S REVIEW OF THE FRENCH INVESTMENT CREDIT SCHEME (SEE REFTEL C). CADIEUX SAID THE COMMISSION IS STILL DISCUSSING THE SCHEME WITH THE GOF TO DETERMINE IF THERE IS ANY SUBSTANCE TO CHARGES THAT THE GOF IS, IN FACT, PROVIDING SUBSIDIZED INVESTMENT LOANS WHICH COULD BE IN VIOLATION OF ART. 92 OF THE ROME TREATY (STATE AIDS).

2. CADIEUX DESCRIBED THE FRENCH SYSTEM AS ONE TO ASSIST SMALL AND MEDIUM-SIZED FIRMS WHICH, DUE TO FRENCH CREDIT CONTROLS, ARE NOT ABLE TO OBTAIN NORMAL CREDIT FROM THE BANKING SYSTEM. HE SAID TO PROVIDE THESE FIRMS WITH INVESTMENT FINANCING, WHICH LARGE FIRMS ARE ABLE TO OBTAIN ON THE EURODOLLAR MARKET, STATE
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PAGE 02 EC BRU 01771 281947Z

CONTROLLED BANKING INSTITUTIONS WILL BORROW ON THE

MARKET AND RELEND TO QUALIFYING FIRMS AT THE COST
OF THE BORROWING, PLUS A SLIGHT SERVICE CHARGE.
HE SAID THAT HE DID NOT CONSIDER THE LOANS AIDS TO
EXPORTS BUT RATHER, IF IT IS ESTABLISHED NO
SUBSIDIES ARE INVOLVED, NOARMAL LOANS FOR INVESTMENT.

3. COMMENT: CADIEUX'S STATEMENTS SUGGEST THAT THE
DIRECTORATE GENERAL FOR COMPETITION IS NOT PARTICULARLY
CONCERNED ABOUT THE FRENCH GOVERNMENT CONDITIONING THE LOANS
ON EXPORT PERFORMACE BUT IS ONLY EXAMINING THE QUESTION
OF WHETHER SUBSIDIES ARE INVOLVED. MYERSON

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